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INSIDE Today

Corsair Homecoming

Full-page souvenir, schedule of events, ticket information, directions and more.

• To see a three-dimensional representation of a Corsair plane, go to www.ohio.com.

TRAVEL, G5,6

A.A. member recalls how nun, hospital helped put him on the path toward recovery.

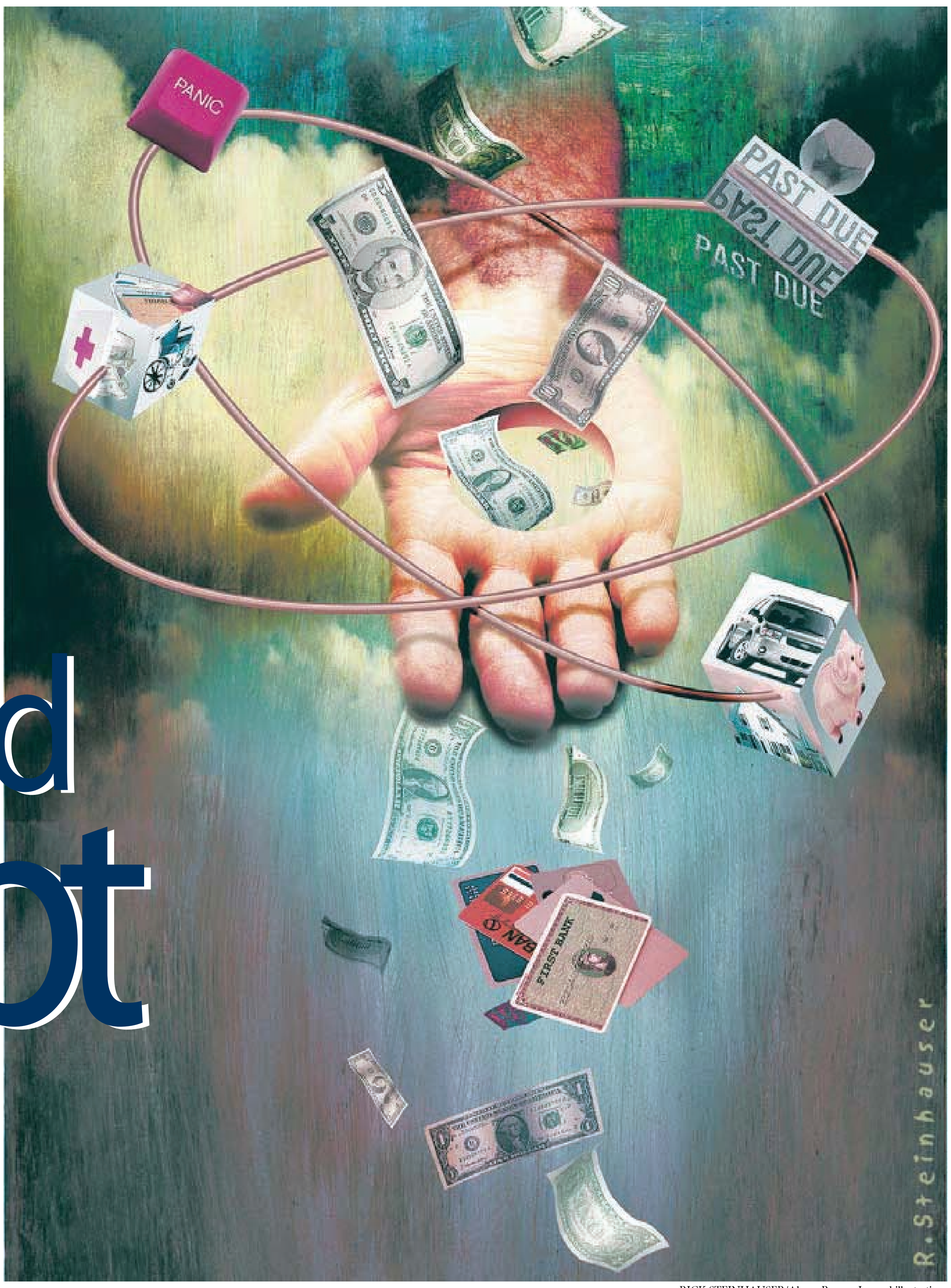
LOCAL, B1

Western Reserve's Marie Fiedler named coach of the year.

SPORTS, C1

More area residents are going under. Bankruptcy is the answer for many. Are you next?

A matter of Life and debt



RICK STEINHAUSER/Akron Beacon Journal illustration

By Gloria Irwin and David Knox
Beacon Journal staff writers

The New Economy is burying thousands of families in the Akron-Canton area under a mountain of debt.

Bloated credit card balances, crushing educational loans and skyrocketing medical costs are straining household budgets.

A record number are cracking under the debt burden and seeking shelter from creditors in bankruptcy. Federal courts in Akron and Canton recorded nearly 14,000 bankruptcy filings last year – three times more than a decade ago. The trend continued into the first three months of this year, with filings up about 5 percent.

Thousands more live on the brink of bankruptcy, paying high consumer interest rates and chipping away at obligations that will take years, even decades, to pay off.

That's if they stay healthy and keep their jobs.

In Stark County, hard hit by layoffs, the bankruptcy rate last year was nearly double the national rate, according to SMR Research Corp. in New Jersey, which analyzes data on consumer finance issues.

Behind the numbers lies a fundamental change in how money is loaned – a new way of calculating creditworthiness that allows many more people to run up huge debts. The resulting increase in bankruptcies is written off as a cost of doing business.

That cost, passed on to all consumers, is substantial: the equivalent of $500 a year for each U.S. household, according to SMR Research.

Who files for bankruptcy?

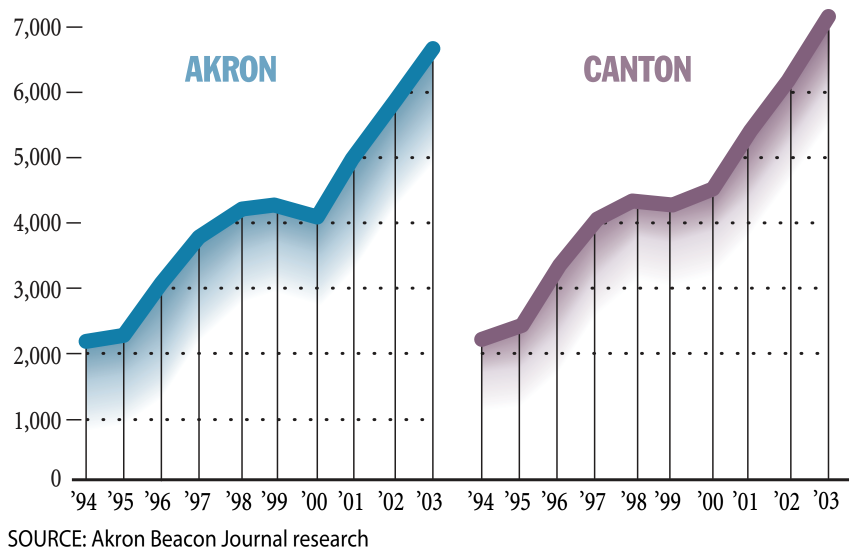
To find out, the Akron Beacon Journal surveyed the cases filed in the Akron and Canton courts last year.

What emerged mainly were faces of city dwellers in Akron, Canton, Massillon and Alliance – a cross section of those communities, earning moderate pay and living in modest homes.

There was little evidence of lavish lifestyles. Instead, a common trait among the

Please see **It, A6**

Local bankruptcy filings



SOURCE: Akron Beacon Journal research

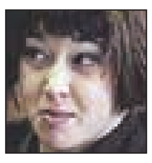
Who's filing for bankruptcy?

A steady increase in bankruptcies filed in the area showed a cross section of your neighbors, friends and family. The Akron Beacon Journal examined a randomly selected sample of 576 cases filed in Akron and Canton bankruptcy courts last year. Behind the numbers is a story of lost income, credit card dependence and poor financial literacy. Here are some charts to show the spike in bankruptcies filed and a snapshot of who's filing them. See more on Pages A6, 7

COMING MONDAY

Faces of debt

Different lives, different backgrounds, different interests. They all have debt worries. On Monday we look at the finances of a couple and two single people. Then we link them up with financial planners and search for ways out of debt. Don't be surprised if you see yourself in these stories.



Are you financially literate?

Find out Monday in Business Solutions section.

Iraqis now run more of affairs

U.S. hands over daily governing in most offices before June 30

By Jeffrey Gettleman
New York Times

BAGHDAD, IRAQ: With less than three weeks to go before sovereignty returns to Iraq, American and Iraqi officials say much of the transfer has already happened.

The new interim Iraqi government has been formed, the old governing council has been dissolved, and the majority of the ministries, including crucial ones such as oil, transportation and foreign affairs, have been turned over to Iraqi management.

American advisers and Iraqi leaders, meanwhile, said their roles had already shifted, with Iraqis running day-to-day affairs and Americans dispensing advice – and dollars.

Walid Saleh, planning director for the Water Resources Ministry, said a team of six U.S.

Please see **Iraqis, A13**

- Senior Iraqi official, a career diplomat, is gunned down in Baghdad. **A4**
- Prison-abuse probe may lead to broad debate over treatment of detainees. **A13**

Today's weather

78° High 66° Low

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Area officials often obstruct lawful requests for records

They deny or hinder public access most of time, worse than rest of state

By Bob Dyer
Beacon Journal staff writer

The people whose salaries you pay aren't doing a very good job of telling you what they're doing.

As part of a statewide audit by news organizations and universities, the Beacon Journal looked at how dozens of local agencies handled routine requests for public information. And the majority flunked.

In fact, public officials in our five-county area were significantly worse about letting the sun shine on their activities than were officials in the rest of the state.

A brief review: " . . . all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours."

The only records immune to that requirement are those the legislature has specifically exempted, chiefly:

- Adoption records.
- Medical records.
- Personal financial records.
- Probation, parole and child-abuse records.
- Certain law-enforcement investigative records.

The records sought by our representatives – such things as the minutes of a township trustee meeting, the salary of a school superintendent, a police department's basic incident reports – clearly do not fall into excludable categories.

Yet only 43 percent of those records in Summit, Portage,

Please see **Access, A15**

Who are the bankruptcy filers

The Akron Beacon Journal examined a randomly selected sample of 576 cases filed in Akron and Canton bankruptcy courts last year.

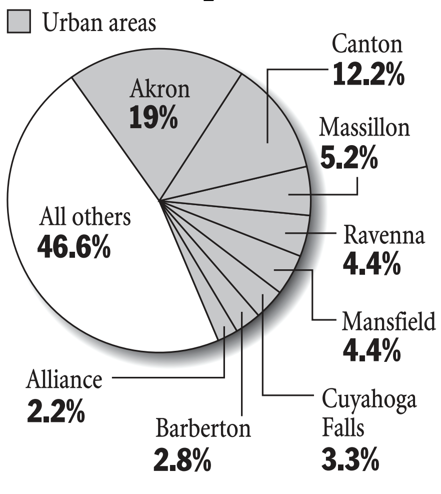
The sample has a margin of error of 4 percent.

This presentation tells their story in words and numbers.

The survey found few bankruptcies – less than 6 percent – are business-related.

OTHER FINDINGS:

Where they live



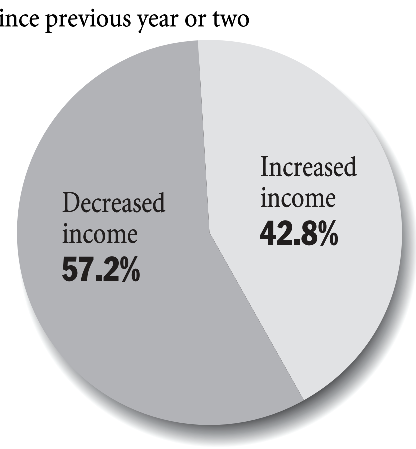
Note: Doesn't total 100% because of rounding

SOURCE: Akron Beacon Journal research

Akron Beacon Journal

Income changes

Since previous year or two



SOURCE: Akron Beacon Journal research

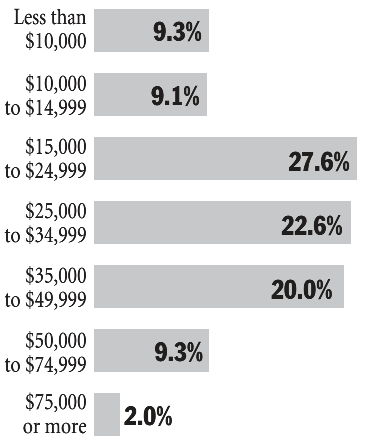
Akron Beacon Journal

Secured debt

SOURCE: Akron Beacon Journal research

Akron Beacon Journal

Income of bankrupt individuals



Note: Doesn't total 100% because of rounding

SOURCE: Akron Beacon Journal research

Akron Beacon Journal

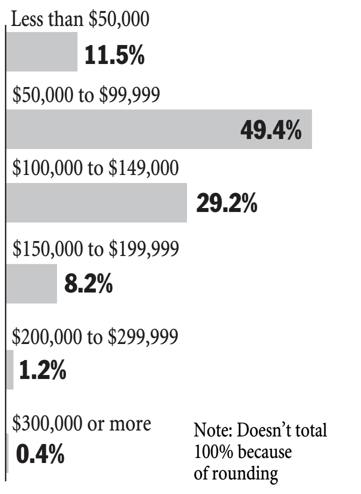
• Bankruptcy filers generally were poorer than the population as a whole. The median household income of the cases was $27,040, substantially below Ohio's median income of $43,332 in the Census Bureau's most recent survey.

At the extremes, nearly one in five cases reported a household income of less than $15,000. More than one in 10 said their income exceeded $50,000.

• The majority of the filers – nearly 55 percent – were renters.

That's in contrast to the norm for the area. Homeownership in the five counties surrounding Akron exceeded 70 percent, according to the 2000 census.

Home value



Note: Doesn't total 100% because of rounding

SOURCE: Akron Beacon Journal research

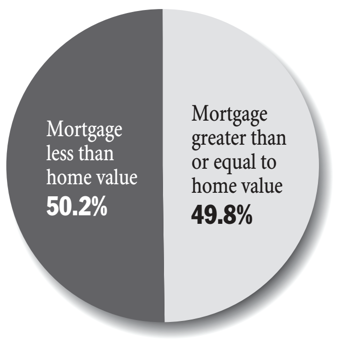
Akron Beacon Journal

• Among the 45 percent of filers who owned a home, the median value was about $87,500, which is only slightly higher than median values for the area's two largest cities, Akron ($81,716) and Canton ($70,820).

Fewer than 2 percent listed a home valued at more than $200,000.

Mortgages

Mortgage exeeding property value



SOURCE: Akron Beacon Journal research

Akron Beacon Journal

• Homeowners were deeply in debt on their properties.

Of the 45 percent of filers who owned homes, half of them reported their mortgages were as much as the home's value – or more.

The Beacon Journal checked the values reported on the bankruptcy filings against tax appraisals, and it appeared that debtors were accurately reporting the current home values.

• More than half of the cases – 56 percent – listed unpaid medical bills, and one-third reported medical bills of more than $1,000. Because consumers also could have used credit cards to pay medical expenses, it was not possible to determine the true extent of health care costs.

Lack of health insurance is the highest risk factor for bankruptcy, said Stuart A. Feldstein, president of consumer trends research company SMR Research Corp. in New Jersey.

About 15 percent of Americans don't have health insurance, and if they become ill or are injured, they often can't pay the medical bills, Feldstein said.

The second greatest risk, he said, is living within 100 miles of a gambling casino.

About 4 percent of people who go to a casino become addicted, he said. Addicted gamblers often become bankrupt.

People who drive without insurance are the third most-at-risk group, Feldstein said.

ED SUBA JR./Akron Beacon Journal

School bus driver Joan Madden, 48, of Kent was forced to take a pay cut when her route was shortened in September 2002. The one-hour-a-day cut reduced her pay by $230 a month. "I had to file bankruptcy because of it or I was going to lose everything," she said.

It doesn't take much to tip household into bankruptcy

Continued from Page A1

cases was a sudden drop in income, usually due to job loss, divorce or death of a spouse.

Nearly 60 percent reported losing income in the previous year or two, with the loss averaging $9,315.

For many, it doesn't take much of an income loss to topple a household into bankruptcy.

'This was my dream'

All it took was a one-hour-a-day pay cut to push school-bus driver Joan Madden of Kent over the edge. That's how much her daily bus route was shortened in September 2002.

The change cut her pay by $230 a month.

"That's all it took," said the 48-year-old divorced mother of a grown daughter. "I had to file bankruptcy because of it or I was going to lose everything."

The bankruptcy allowed Madden to discharge – or not pay – $8,401 owed on eight credit cards and freed up cash for mortgage payments on her two-bedroom home, which she bought for $59,000 in 2002.

Because Madden had so little equity in her home, it did not have to be sold to pay creditors. In Ohio, an individual debtor can shield $5,000 of equity in a home, and a married couple can protect $10,000.

"I'll fight tooth and nail to keep my home," Madden said. "This was my dream, having my own home. I won't let it go without a fight."

Her 22-year-old daughter has moved out, and even with fewer debts today, "it's still a little rough for me," Madden said. "If I'm lucky, I can maybe afford to go to McDonald's once a month."

Hard-luck cases

Madden's modest lifestyle is more rule than exception among bankruptcy filers.

"There's an erroneous belief of people running up debts and ducking repayment through bankruptcy," said veteran bankruptcy trustee Harold Corzin. "I truly don't see people like that. I see people that are hard-luck cases."

Ohio's largely jobless recovery from the 2001 recession means hard times for many.

The region lost 6.5 percent of its jobs between 2001 and 2003, while the national job loss was only 2 percent, said Richard DeKaser, economist at National City Corp. in Cleveland.

Laid-off employees often lose health insurance. People without health coverage are at the highest risk of bankruptcy, said Stuart A. Feldstein, president of SMR Research.

Unpaid medical bills of more than $1,000 were a factor in about a third of the cases examined by the Beacon Journal. But the full cost of uninsured illness and injury is impossible to determine because medical bills are often charged to credit cards.

And nearly all the bankruptcy filers – 99.5 percent in the study – had unpaid credit card balances.

Year's pay or more

A Ravenna couple in their mid-40s had the most accounts: 48 cards totaling $127,091 in debt. They were doing fine on nearly $95,000 a year before about half of that income disappeared when the wife lost her job and couldn't find a new one. That's when the credit card balances ballooned.

Overall, filers owed a median of $14,475 on seven cards.

Significantly, the study found a strong correlation between the number of cards and the total amount of debt.

The one in five bankruptcy filers who had 10 or more cards had the biggest bills by far: a median of $26,911 just for credit cards.

In many cases, debtors owed a year's pay or even more on credit cards.

Some examples:

• A retired Wadsworth couple reported owing $55,855 on 14 cards, nearly three times their annual income of $18,960.

• An Akron office worker reported owing $25,435 on 12 cards. The 50-year-old single woman said her pay was $15,218 a year.

• A manager from Medina said he and his wife owed $43,877 on six cards and had an income of $34,800.

• A Garrettsville couple in their late 50s with an income of $33,852 owed $47,575 on 22

Please see **Debt, A7**

Bankruptcy filers don't just fit one bill

Analysis of cases filed in Akron-Canton area shows those seeking shelter represent all walks

By David Knox
Beacon Journal staff writer

Bankruptcy court is the intensive care unit for financially ailing households.

As with hospital patients, people seeking the shelter of the courts don't fit a single mold. In most ways, bankruptcy filers are just like the rest of us – they represent a cross section of society.

That's the bottom line of a comparison of census data and a survey of bankruptcy cases filed last year in federal court in Akron and Canton.

The study, based on a random sample of 576 cases, found people filing for bankruptcy closely mirror their communities in gender, age and basic lifestyle.

For example, the study found 52.5 percent of those filing for protection from creditors were women. That was within 1 percent of the gender breakdown found by the 2000 census for all adults in Summit and Stark counties, where nearly two-thirds of all bankruptcy filers in the study live.

While relatively few young adults and elderly need to seek bankruptcy protection, the median age of the filers – half older than 43 and half younger – also was a close match. The census showed a median age of 44 for adults in the two counties.

The study also provided clear indications that bankruptcy filers lead lives much like the overall population.

Broke or not, marriage is the norm for most.

The 2000 census found three-quarters of all Summit and Stark county residents older than 15 were married at one time. The percentage of bankruptcy filers who once tied the knot was even higher – 77 percent.

A closer look at the marital status of the bankruptcy filers may indicate the stress financial woes place on families.

One in five of the once-married filers identified themselves as divorced or separated at the time of the bankruptcy. In contrast, the census found only 16.5 percent of the once-married residents of the two counties were estranged.

Such close comparisons aren't conclusive because the results are within the 4 percent margin of error of the court survey, which examined about one in every 20 of the nearly 14,000 bankruptcy cases filed in 2003.

Other lifestyle comparisons can't be made because the court and Census Bureau ask different questions. For example, while bankruptcy filers must declare their marital status and number of dependents, they aren't required to say where their dependents live. In the case of divorced filers, children often are with the former spouse.

Despite those limitations, the court study clearly shows that bankruptcy affects many more people than those filing the paperwork.

Nearly half of all bankruptcy cases surveyed involved dependents and, overall, each case surveyed involved an average of 2.4 people. Multiplied by the total number of cases filed last year, that works out to more than 28,000 people: 17,000 filers and their spouses and 11,000 dependents.

Housing is one area where bankruptcy filers decidedly differ from others.

The 2000 census found a record number of households – 66 percent nationwide – own or are buying their homes. In both Summit and Stark counties, the share of homeowners was even higher: more than 70 percent.

In contrast, the majority of bankruptcy filers (55 percent) are renters.

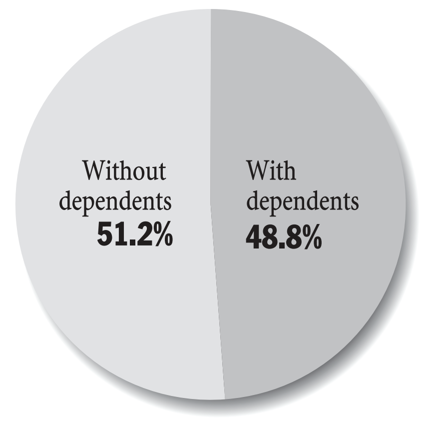
The gap widens dramatically if only those who own their homes free and clear are compared.

Nearly a third of all Summit and Stark homeowners have paid off their mortgages, according to the census. Less than 2 percent of the bankruptcy filers could say the same.

David Knox can be reached at 330-996-3532 or dknox@thebeaconjournal.com

in the Akron-Canton area?

Households and dependents

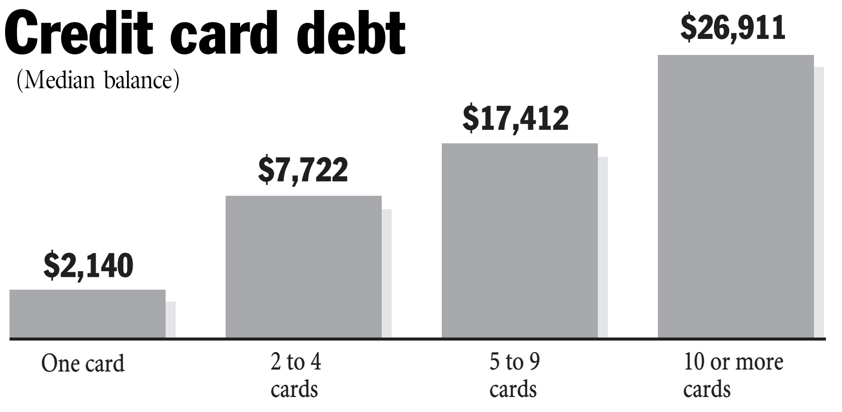


SOURCE: Akron Beacon Journal research

Akron Beacon Journal

Credit card debt

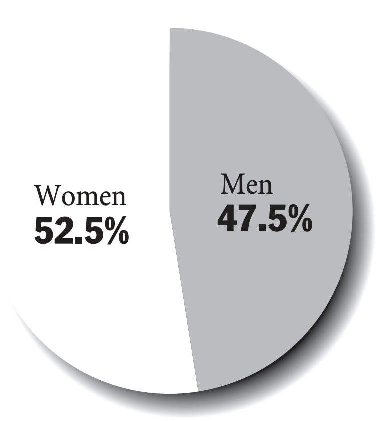
(Median balance)



SOURCE: Akron Beacon Journal research

Akron Beacon Journal

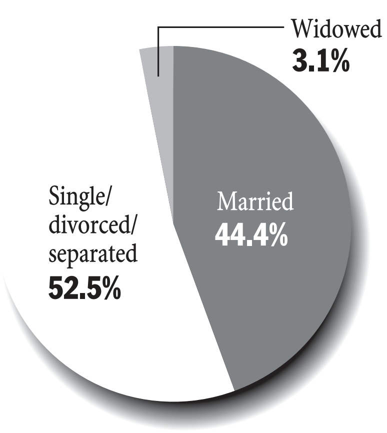
Gender breakdown



SOURCE: Akron Beacon Journal research

Akron Beacon Journal

Type of household



SOURCE: Akron Beacon Journal research

Akron Beacon Journal

Debt

Region in seventh place among 201 metro areas

Continued from Page A6

cards.

• An Akron couple in their late 40s reported owing $53,070 on 12 cards. They were raising two children on a combined income of $63,596.

Why so many cards? Why was so much credit extended?

Lending contributes

Economist DeKaser said structural changes in lending have made credit cards and home mortgages available to consumers who would not have qualified previously.

"Once upon a time, the consumer credit market was black and white," DeKaser said.

Traditionally, lenders calculated a debt ratio based on income and the amount of existing bills to determine ability to borrow more money.

"Either you were creditworthy based on income, payment history and debt ratios, or you weren't, in which case you were shut out of the market entirely," he said.

New lending standards developed in the late 1980s assess risks differently, DeKaser said. Using sophisticated computer models and credit scores that evaluate past payment history, lenders identify the risk of default and charge interest rates accordingly.

Many borrowers with late or skipped payments will be able to get credit cards and mortgages – but at a far higher interest rate.

"Far, far more people are able to get credit today than was the case ever before," DeKaser said.

Northeast Ohioans are getting more than their share.

Individuals with credit cards racked up an average debt of $5,991, putting the Cleveland-Akron-Canton area in seventh place in February among the nation's 201 metro areas, as compiled by Experian, one of the nation's largest credit-reporting agencies.

Cleveland-Akron-Canton was the only Midwest region in the top 10 among debtors, which was dominated by East and West coast areas such as San Francisco, Seattle, Boston and New York – all with higher living costs and incomes.

The downside to easy credit, DeKaser acknowledged, is that "many marginal borrowers are not going to manage that liability and that's why we see these elevated bankruptcy rates."

Prominent among the new borrowers getting easy credit are the young and the elderly.

Senior citizens are the fastest-growing age group headed toward bankruptcy, according to a report released in February by Demos, a nonpartisan public policy group in New York City.

The report, *Retiring in the Red*, found about 75 percent of Americans older than 65 hold credit cards. Among those owing a balance, the self-reported debt increased by 89 percent between 1992 and 2001, to $4,041.

The study cited the bursting of the stock market bubble, the stagnating economy and exploding medical costs as reasons for seniors' growing debt load.

"I'm seeing older people that are in need of bankruptcy discharge," trustee Corzin said.

Bankruptcy at 87

At age 87, Bette Jurkoshek of Copley is the oldest bankruptcy filer in the Beacon Journal study, which found people 65 and older accounted for 6 percent of all cases in 2003.

Jurkoshek said her troubles began in 2000 with a mortgage refinancing on the home she owns with a daughter and son-in-law.

The refinancing costs were more than expected, Jurkoshek said. So were the monthly payments.

To pay her $488 a month share, she began accepting credit card offers that came in the mail and used the cards to pay daily living expenses.

The new lending standards made it possible for the elderly woman living solely on Social Security to keep collecting cards.

"At my age, you'd think, 'Why would they give me credit for $5,000?' " Jurkoshek said.

By the time she went to court, she had four credit cards totaling nearly $25,000 in debt.

The minimum monthly payments on the cards were $600 – more than half of Jurkoshek's Social Security check of $1,044.

"That didn't leave me enough to live on," she said.

The bankruptcy court discharged her credit card debts in April.

Easy credit also means more young people in financial trouble.

Timothy D. Long, 29, said he used a credit card during college in Pennsylvania, thinking he would be able to pay it off later.

"Before you know it, they give you a credit limit of like $25,000, and you're trying to reach it," he said, laughing.

Long, a Scranton native, said he used his card to keep up with partying friends and didn't think much about the consequences.

He also admits he didn't pay much attention to his parents' financial advice.

"They only knew so much and they could only tell me so much," he said. "And me being young and naive, I didn't listen."

As a business major he learned about finances. He said handling other people's money was "no problem. Mine? I couldn't get a handle on mine."

Graduation and beyond

Long's debt continued to grow after graduation.

Employed as a manufacturing manager, Long was transferred to the Akron area, where he bought a home in Akron's Firestone Park neighborhood.

Eventually, he said, the minimum payments on his credit card bills nearly equaled his mortgage payment, and the card balance wasn't dropping.

Notice of a creditor's lawsuit prompted Long to file for bankruptcy protection.

The creditor's lawsuit came as a surprise to Long, who had been enrolled in a debt-management program in California. He thought the company was handling his bills, but when he called them after getting notice of the lawsuit, "they weren't helpful at all," Long said.

With an income of about $45,000, a house payment, more than $33,000 in credit card debt and some unpaid medical bills, Long decided bankruptcy was the best option.

His case has been completed, and the credit card debt and a few other bills have been erased.

Now wiser, Long says he uses only cash and weighs each purchase carefully.

"When you borrow money, it adds up to more than what you have," he said.

Long is typical of many young spenders, who are turning more and more to credit cards to buy what they want.

"A part of the social aspect of the problem is the desire to be able to consume the way you see others consuming, irrespective of your income," said Douglas Duncan, chief economist of the Mortgage Bankers Association.

He likens the financial outlook of many young adults to the 30-minute sitcom, in which crises bubble up, boil over and cool down in a matter of 22 minutes and a few commercial breaks.

Younger consumers not only think they should be able to live like TV characters with nice apartments, clothes and dinners out, but they also seem to think their problems will resolve themselves just as easily and quickly.

"It shortens our belief about how long it takes to acquire certain things," he said.

Stories such as Long's are becoming all too common, say the trustees who administer bankruptcy cases.

Income supplement

Trustee Richard Wilson, who has met with debtors for 30 years, said consumers are using credit cards to supplement their incomes.

Someone earning $25,000 may use credit cards to try to live at a $30,000-a-year level, he said.

That may work for a short time, Wilson said, "but once they get over $10,000 in credit card debt, they're done. There's no way they can pay it back."

A matter of Life and debt

"It's phenomenal some of the credit-card debt people have."

Back in the '70s, debtors typically had bills of $6,000 to $8,000, he said. Now, he said, it's not unusual to see unsecured debt of $30,000 and more. Unsecured debts are credit-card and other bills that are not backed up with collateral, such as a house or car, that a lender can seize and sell.

Northeast Ohioans are racking up more than their share of unsecured debt.

The looser standards for going into debt mean a past bankruptcy is less of a bar to getting credit.

The Beacon Journal study found 15.2 percent of the filers had a previous bankruptcy, and they had more credit cards on average than first-time filers.

Among the repeat cases was that of Bruce and Meredith Nicewander of Massillon.

Their first bankruptcy was in 1995. They bought a house in Akron with money inherited when her parents died, and had no one to advise them, she said.

"We got messed up with the home loan," she said. "The house payments kept going up, we didn't know what we were doing . . . we were young."

Last year, they were back in bankruptcy court.

"We just got in over our head," 36-year-old Meredith Nicewander said.

The latest trouble started with a loan they took out to correct a lead-poisoning problem in their home, she said. It got worse when Bruce Nicewander was out of work for two years.

They turned to credit cards for car repairs and to help make ends meet.

"They kept wanting to give them to us," she said. "Once we got one credit card, everybody and their brother wanted to give you one."

They ended up owing more than $14,000 on eight cards.

Lasting effects

Bankruptcy may solve some immediate problems by erasing debts, but for many people, the consequences linger.

Employers, with easy access to a credit report, are reluctant to hire anyone with a bankruptcy for jobs that require handling money. Bankruptcy stays on credit reports for 10 years.

"Who in their right minds wants to file a bankruptcy?" trustee Corzin asked. "Very few people are consciously planning any of this. They're reacting to circumstances outside of their control."

Bankruptcy no longer carries quite the stigma it once did, when it was seen as an indication of moral wrongdoing and irresponsibility. Still, for many debtors it's painful, embarrassing and demeaning.

Bus driver Madden said she's been upfront with friends and relatives about her case.

"They knew the plight I was in, and they knew I didn't have any choice," she said.

Treasury Secretary John Snow and Federal Reserve Chairman Alan Greenspan earlier this year launched a campaign to teach consumers how to manage money.

"The level of financial literacy is simply not sufficient in a world that is getting increasingly sophisticated financially," DeKaser said.

Certified counselor Debbie Leach of Consumer Credit Counseling in Green teaches clients how to manage money and the consequences of spending vs. saving.

There are no magic answers, she said, and every family's story is different.

"The only way that a person will ever get out of debt is literally stop using credit cards," she said.

DeKaser doubts bankruptcy rates can be reduced much, noting that bankruptcy went higher during the economic boom years of the mid- to late-'90s.

"Frankly, I don't think there is any going back to the old way," he said.

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Here's how bankruptcy works

Chapter 7 means liquidation; Chapter 13 requires debt repayment plan

By Gloria Irwin
Beacon Journal business writer

For consumers, filing for bankruptcy essentially means you agree to give up assets in exchange for eliminating debts.

That's a basic definition of what's called Chapter 7 liquidation, or straight bankruptcy.

The U.S. bankruptcy code also provides for Chapter 13 reorganization, which means debtors must submit a payment plan and make regular payments to a court trustee to catch up on old debts.

Bankruptcy is a legal proceeding that is intended to protect both debtors and creditors. Trustees are charged with questioning debtors to determine what assets are available to pay money owed to creditors. At the same time, a bankruptcy filing will temporarily put a halt to legal action, such as foreclosure, by creditors.

Most people who wish to declare bankruptcy hire an attorney to complete the required paperwork. The court will accept filings from individuals, but in many cases examined by the Akron Beacon Journal, self-filed petitions were incomplete and the cases often were dismissed.

In filing for bankruptcy, debtors are responsible for listing all their debts along with their assets. Property such as cars or houses may be ordered sold by the bankruptcy trustee to pay off debts.

Under Ohio law, an individual debtor can exempt, or shield, as much as $5,000 worth of equity in a home. A couple can shield $10,000 equity.

For example, a couple owning a home valued at $100,000 with a mortgage of $85,000 has $15,000 in equity.

After exempting $10,000 of that equity, it will be up to the bankruptcy trustee to decide whether the house should be sold to get the other $5,000 in equity for creditors.

Given real estate commissions and other selling fees, it's unlikely a trustee would order the house sold.

In many Chapter 7 bankruptcy cases, trustees enter a finding of "no assets," meaning the debtor doesn't have equity beyond the exempted amount in a property.

Bankruptcy trustee Harold Corzin said he's seeing "more people that have more assets. I'm seeing upper-middle-class people showing up."

Assets, including cars, are sold to discharge, or erase, debts. Bills that can't be discharged during bankruptcy include alimony and child support, back taxes and court fines. Student loans can be discharged only in rare cases where the debtor can demonstrate hardship, such as a disabling accident.

Corzin said he's seeing more debtors with equity in cars, and they either have to give up the vehicles or pay the trustee to keep them. The money is then turned over to creditors.

He estimated that one out of every four or five Chapter 7 bankruptcy cases has some assets that can be used to pay bills.

For debtors temporarily without a job or facing an unusual circumstance such as a high medical bill, Chapter 13 bankruptcy allows them some time to get caught up.

Chapter 13 gives relief to homeowners facing foreclosure, but the debtors must continue to pay their monthly mortgage while getting any past-due payments caught up. Most Chapter 13 payment plans must be completed within five years.

Because of the damage that bankruptcy can do to a person's future ability to borrow, it should be used only as a last resort.

Debbie Leach, a certified counselor at Consumer Credit Counseling Services in Green, said she's seeing more and more clients who are in need of bankruptcy because they have accumulated such a heavy debt load.

The agency works with debtors from all income levels, she said.

"We see every spectrum because the more you make, the more you spend," Leach said. One client had $200,000 in credit card debt, she said.

Although some clients are too deeply in debt to be helped, Leach said, others are encouraged to work out budgets and repayment plans.

Consumer Credit Counseling negotiates with credit card issuers for lower interest rates and to eliminate late fees.

The agency also educates borrowers about credit and payment issues.

Despite the education, some borrowers fail to follow their repayment plans and may have to return for a second round of counseling and repayment plans.

"If they do end up back to us, generally it's (the debt) not as high as it was the first time," she said.

Gloria Irwin can be reached at 330-996-3720 or at girwin@thebeaconjournal.com

Questions about your debt?

Financial planners will be staffing the telephones in July to answer your questions about debt.

Members of the Northeast Ohio chapter of the Financial Planning Association and the Consumer Credit Counseling Service will take your calls from 6 to 8 p.m. July 14 and from 10 a.m. to 1 p.m. July 17.